

**Income Tax (Amendment No. 2) Act 1996
(No. 28 of 1996)**

Table of Contents

Long Title

Enacting Formula

1 Short title and commencement

2 Amendment of section 10

3 Amendment of section 13H

4 Amendment of section 14I

5 Amendment of section 19A

6 Amendment of section 39

7 Amendment of section 40

8 Amendment of section 42

9 Amendment of section 43

10 Amendment of section 44

11 Amendment of section 45

12 Amendment of section 45B

13 Amendment of section 46

14 Amendment of section 48

15 Amendment of section 50

16 Amendment of Second Schedule

17 Remission of tax

**REPUBLIC OF SINGAPORE
GOVERNMENT GAZETTE
ACTS SUPPLEMENT**

Published by Authority

NO. 28]	FRIDAY, SEPTEMBER 6	[1996
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The following Act was passed by Parliament on 27th August 1996 and assented to by the President on 29th August 1996:—

INCOME TAX (AMENDMENT NO. 2) ACT 1996

(No. 28 of 1996)

I assent.

ONG TENG CHEONG
President
29th August 1996.

Date of Commencement: 6th September 1996

An Act to amend the Income Tax Act (Chapter 134 of the 1996 Revised Edition).

Be it enacted by the President with the advice and consent of the Parliament of Singapore, as follows:

Short title and commencement

1.—(1) This Act may be cited as the Income Tax (Amendment No. 2) Act 1996.

(2) Section 3 shall have effect for the year of assessment 1996 and subsequent years of assessment.

(3) Sections 4, 6, 8, 9(a), 10, 15 and 16 shall have effect for the year of assessment 1997 and subsequent years of assessment.

Amendment of section 10

2. Section 10 of the Income Tax Act (referred to in this Act as the principal Act) is amended —

- (a) by inserting, immediately after the words “and (b)” in sub-paragraph (11) of subsection (2)(c), the words “and any gains or profits under subsection (5)”; and
- (b) by deleting subsection (8) and substituting the following subsection:

“(8) Any maintenance payment received by —

- (a) a child under a maintenance order or a deed of separation; or
- (b) a parent under a maintenance order made under the Maintenance of Parents Act [Cap. 167B],

shall not be deemed to be income for the purposes of subsection (1).”.

Amendment of section 13H

3. Section 13H (18) of the principal Act is amended by inserting, immediately after the words “section 10B” in paragraph (c) of the definition of “investments”, the words “or in any unit trust designated under section 35 (7C)”.

Amendment of section 14I

4. Section 14I of the principal Act is amended —

- (a) by inserting, immediately after the word “bank” wherever it appears in subsections (1) and (2), the words “or qualifying finance company”;
- (b) by deleting subsection (3) and substituting the following subsection:

“(3) Where in a scheme of amalgamation involving 2 or more banks or finance companies whereby the whole or substantially the

whole of the undertaking of any bank or finance company is transferred to another bank or finance company, the Minister may, if he thinks fit and on such conditions as he may impose, by order declare that any provisions in the account of the transferor bank or transferor finance company which have been transferred to the transferee bank or transferee finance company shall not be deemed under subsection (2)(b) to be a trading receipt of the transferor bank or transferor finance company; and the provisions so declared shall for the purposes of this section be treated as having been allowed to the transferee bank or transferee finance company as a deduction under this section.”;

- (c) by inserting, immediately after the definition of “bank” in subsection (6), the following definition:

““capital funds” has the same meaning as in the Finance Companies Act [Cap. 108]; ”;

- (d) by deleting the words “or advance made or granted by a bank,” in the first and second lines of the definition of “loan” in subsection (6) and substituting the words “, advance or credit facility made or granted by a bank or qualifying finance company,”;
- (e) by inserting, immediately after the definition of “provisions” in subsection (6), the following definition:

““qualifying finance company” means a company licensed under the Finance Companies Act [Cap. 108] to carry on financing business which has, in the basis period for any year of assessment for which the deduction under this section is first allowed, capital funds of not less than \$50 million and a capital adequacy ratio of not less than 12% as determined under that Act; ”;

- (f) by inserting, immediately after the word “bank” wherever it appears in the definitions of “provisions”, “qualifying profit” and “securities” in subsection (6), the words “or qualifying finance company”;
- (g) by inserting, immediately after the words “section 10B in paragraph (c) of the definition of “securities”” in subsection (6), the words “or in any unit trust designated under section 35(7C)”;
- (h) by inserting, immediately after the word “banks” in the marginal note, the words “and qualifying finance companies”.

Amendment of section 19A

5. Section 19A of the principal Act is amended —

(a) by inserting, immediately after subsection (1C), the following subsections:

“(1D) Notwithstanding section 19, where a person proves to the satisfaction of the Comptroller that he has installed on or after 1st January 1996 any efficient pollution control equipment or device for the purposes of a trade, business or profession carried on by him, he shall, in lieu of the allowances provided by subsection (1) or section 19, be entitled, if he so elects, to an allowance of 100% in respect of the capital expenditure incurred on the provision of the efficient pollution control equipment or device.

(1E) Notwithstanding section 19, where a person proves to the satisfaction of the Comptroller that he has installed on or after 1st January 1996 any certified energy-efficient equipment as a replacement for any other equipment, or has installed on or after that date any approved energy-saving equipment, for the purposes of a trade, business or profession carried on by him, he shall, in lieu of the allowances provided by subsection (1) or section 19, be entitled, if he so elects, to an allowance of 100% in respect of the capital expenditure incurred on the provision of the certified energy-efficient equipment or approved energy-saving equipment.

(1F) Any claim by a person for allowances in respect of any machinery or plant under this section for any year of assessment shall not be disallowed by reason only that the person has not in use the machinery or plant at the end of the basis period for that year of assessment.”;

- (b) by renumbering the existing subsection (1D) as subsection (1G);
- (c) by deleting the words “subsection (1D)” in the first line of subsection (5) and substituting the words “subsection (1G)”; and
- (d) by deleting the full-stop at the end of paragraph (b) of subsection (6) and substituting a semi-colon, and by inserting immediately thereafter the following paragraphs:

“(c) “efficient pollution control equipment or device” means any equipment or device for the purposes of preventing, controlling or reducing air pollution or water pollution which satisfies the prescribed criteria;